

**Lawrence Berkeley National Laboratory
Contract Assurance Council Meeting
Meeting Minutes**

**Wednesday, May 10, 2006
University of California—Office of the President
Franklin Building, Room 5320**

CAC members or representatives present:

Bob Foley	Judy Boyette	Gary Falle for Bruce
Larry Coleman	Bill Eklund for Jim Holst	Darling
Bob Van Ness	John Layton by phone	
Buck Koonce	Karen Clegg by phone	

CAC members absent:

Anne Broome	John Oakley
Pat Reed	John Birely

UCOP Staff present:

Jim Hirahara	Sharon Eklund
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Guest participants:

Jim Krupnick, LBNL	Sandy Merola, LBNL	Ron Nelson, UCOP
John Chernowski, LBNL	Howard Hatayama, LBNL	

Introductory Remarks/Action Item Review

Bob Van Ness reported that he had recently attended the LBNL 2nd Quarter Performance Review with the Berkeley Site Office (BSO), and the Lab did an excellent job in presenting good progress in each of the operations areas. The presentation was well received by the BSO. Jim Hirahara announced that he intends to focus future discussion of Action Items (see end of these minutes) on those items that remain open. The Council members unanimously approved the minutes of the April 12, 2006 meeting as submitted.

Controlled Substances and Drug Precursors

Howard Hatayama, LBNL Acting Environment, Health, and Safety Division Director, reported that LBNL is registered with the Drug Enforcement Agency (DEA). The Laboratory procurement system has named dedicated primary and back-up buyers for these materials, and the buyers have been trained according to the requirements of the DEA. At the end of the handling process, a designated LBNL Waste Manager observes disposal packaging. For precursors, the Lab utilizes best business practices and many of the same controls as are used for controlled substances, but the Lab has determined that the DEA requirements do not apply to precursors. The Transportation Security Administration recently performed a short-notice (24 hour) audit of the overall LBNL hazardous material

handling and shipping practices and was satisfied with the Lab processes. Sandy Merola, LBNL Deputy Chief Operating Officer, will provide further data on the

- Number of Principal Investigators who work with controlled substances at LBNL,
- Quantity of these materials at the Lab, and
- Number of discrete locations where the substances are used at the Lab.

Bob Foley asked Howard to review personally the Lab processes for controlled substances and precursors and for select agents to assure sound process implementation.

Second Quarter Contract Performance (PEMP) Review

John Chernowski, LBNL Manager of Contract Assurance, explained to the members that the Lab is still developing its definition for “risk,” but risk areas include

- Areas that are not currently performing at at least the “B+” level according to the Performance Evaluation Measurement Plan (PEMP) targets,
- Areas in which LBNL has not performed well in the recent past, and
- Areas in which the current performance is good, but the outlook for future performance is unclear.

John C. indicated that there are only two or three performance measures in which the Lab is possibly at risk of falling below the “B+” level. In total there are three Science and Technology (S&T) goals and five Operations goals. The following operations goals have some identified risk:

- In Goal Four, Laboratory Leadership, there is residual long-term risk involved in securing UC bond financing for certain construction projects even though the Laboratory has achieved the FY06 PEMP target for the performance measure. Bob F. indicated that he is not aware of any discussions between LBNL and UCOP management that have taken place recently due to the departure of Senior Vice President Mullinix, who was an advocate for UC bond financing for LBNL projects. Discussions with UCOP staff should continue with progress monitored by the Council. The UCOP bond specialist is Randy Young.
- LBNL has included a few risks for Goal Five—Environment, Health, and Safety—on the list because this is an area in which the Lab did not perform as well as it would have liked last year. The Lab has identified a new laser safety officer, and the current Days Away, Restricted, or Transferred (DART) and Total Recordable Case (TRC) rates are in the “A” range, but the Lab is monitoring the rates closely and has developed training in Workplace Safety inspections for managers, EH&S Awareness, and Root Cause Analysis. There have been two radiation incidents this fiscal year (still an “A-“ score), but more than three events will cause performance to drop below the “B+” level.

- The Lab has included a few risks for Goal Six, Business Systems, since the BSO suggested that the LBNL business practices and procedures could use improvement last year. LBNL has caught up on account reconciliations and has improved the overall reconciliation process by implementing a regular sampling system to monitor performance. Of two audit items that have been open more than a year, one is now complete, and the second is progressing toward closure. Jim H. noted that although Jeffrey Fernandez, LBNL Chief Financial Officer, has done a remarkable job of strengthening the CFO organization and function by bringing in highly qualified resources and implementing new policies and procedures, that in itself does not guarantee success in improving practices and procedures. For example, a recent internal audit noted concerns with Accounts Payable operations, and it was recommended that at a future meeting the Lab should brief the Council on the issue and describe what corrective actions are being implemented.

The Lab is currently not meeting all the socioeconomic procurement goals, but quarterly results have shown improvement. While strong efforts to achieve the percentage goals must continue, a subjective evaluation of outreach efforts is also considered. Two new staff are now fully dedicated to advocating small business participation in the purchasing program and are actively reaching out to small and disadvantaged businesses through conferences and vendor fairs, as well as one-on-one follow up with vendors expressing interest in doing business with the Lab. In addition, the purchasing manager has successfully advocated for awards to small and disadvantaged businesses on large contracts that could have easily gone to large businesses. The Lab believes that BSO is satisfied that the Lab is making a good faith effort to meet the stretch targets. In addition, LBNL has teamed the Procurement and Facilities Divisions to work on a coordinated strategy for increasing the volume of disposal of excess property by more aggressively identifying excess property and assuring timely disposal through the warehouse operations.

- For Goal Seven, Facilities and Infrastructure and Construction/Project Management, LBNL is working with BSO to avoid FY06 reduced funding for the Bevatron demolition project so as not to delay Critical Decision (CD)-2 into FY08 or FY09. Part of the challenge involves identifying an “owner” for the project at DOE/HQ. The Lab is proposing to base the completion of CD-2 for the Building 77 project on a prompt DOE/HQ response to the 2004 CD-2 External Independent Review.

Oversight Advisory Board Update

Sandy reported that the minutes of the meeting are not yet complete, and an executive summary of the meeting will be provided to Bob Dynes, UC President, but the oral closeout was complimentary to both LBNL and UC. The Board complimented the Lab on an inspiring and exciting scientific vision and on effective integration of operations and mission. The Board encouraged the Lab to continue to work with UCOP to secure funding for two new buildings. They also noted the need to break down high-level goals for projects such as Helios into manageable milestones. They suggested that future meetings be longer, and Board members expressed their enthusiasm and commitment to being more involved in

assisting LBNL in achieving success. Aundra Richards, BSO Site Manager, was very complimentary of UC involvement and is looking for UC support in terms of the bond issue and funding. Jim K. and John C. reported that after one year of existence of their office, they have created a process for senior Lab management to focus on risks to contract extension. John C. has a small staff of four and Jim is building a small project management staff. They have experienced the strong support of Steve Chu, Graham Fleming, David McGraw, and BSO.

Wrap Up, Action items, and Adjournment

Bob V. reminded the Council that at the close of the next quarterly meeting—to be held July 12 at LBNL—there will be a ten-minute Executive Session to discuss any concerns the Council has about how LBNL is doing and to hear, in particular, from the external Council members.

Action Items:

<i>#</i>	<i>Responsible Party</i>	<i>Action</i>	<i>Date Added</i>	<i>Status</i>
1	Chernowski LBNL	Modify Risk Registry report to include a column in which BSO concurrence with the current status of the item can be indicated.	04/12/06	Cancelled
2	Chernowski LBNL	Plan C31 Risk Registry updates for the quarterly meetings and as-needed at the monthly meetings.	04/12/06	Done—next report at 07/12 meeting
3	Fernandez LBNL	Brief the Council on how LBNL is tracking cost savings and the current status.	04/12/06	OPEN
4	Chernowski LBNL	Schedule a dry run of the presentation to senior LBNL and BSO management of second quarter performance. (UC-internal only).	04/12/06	Done—held on 05/02
5	Eklund UCOP	Schedule a ten-minute Executive Session at the close of each CAC quarterly meeting.	04/12/06	Done—next Exec Session at 07/12 meeting
6	Eklund UCOP	Schedule next quarterly CAC meeting to be held at LBNL.	04/12/06	Done—07/12 meeting to be held at LBNL

7	Hirahara UCOP	Implement a call for agenda topics prior to each meeting.	04/12/06	Done—first call sent on 04/26
8	Merola LBNL	Provide the Council with the number of LBNL PIs working with controlled substances	05/10/06	OPEN
9	Merola LBNL	Provide the Council with the quantity of controlled substances ordered by LBNL annually	05/10/06	OPEN
10	Merola LBNL	Provide the Council with the number of discrete locations where controlled substances are handled at LBNL	05/10/06	OPEN
11	Hatayama LBNL	Personally review LBNL controlled substance and drug precursor processes and personnel to assure appropriate controls are in place—report back to CAC	05/10/06	OPEN
12	Hatayama LBNL	Personally review LBNL select agent processes and personnel to assure appropriate controls are in place—report back to CAC	05/10/06	OPEN
13	Eklund UCOP	Add <i>Select Agents</i> as a topic to a future CAC agenda	05/10/06	OPEN
14	Eklund UCOP	Add <i>Accounts payable</i> as a topic to a future CAC agenda	05/10/06	OPEN
15	Krupnick LBNL	Provide CAC with further detail on the thorium inventory and reportability	05/10/06	OPEN
16	Merola LBNL	Provide LBNL Advisory Board report to CAC when complete	05/10/06	OPEN
17	Hirahara LBNL	Invite Aundra Richards to 07/12 Quarterly CAC Meeting	05/10/06	OPEN
18	Koonce LBNL	Identify the UCOP senior management “owner” of the LBNL bonding issue	05/10/06	OPEN